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# Corporate Social Responsibility and Financial Performance of Some Selected Banks in Nigeria: An Empirical Analysis

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**Abstract**

This study examines empirically the relationship between corporate social responsibility and financial performance of some selected banks in Nigeria with the use of secondary data, sourced from six (6) selected banks annual reports and accounts using Judgemental sampling in a population of fifteen (15) Banks. Financial summary between “2002-2011” i.e. ten (10) years period and NSE FACT Book were used to obtain data. The objective of this study is to examine the impact of banks financial performance on Corporate Social Responsibility. The study utilized multiple regressions for the analysis of collected data, findings from the analysis of selected banks show that financial performance (PAT, ROCE, EPS) have significant positive impact on corporate social responsibility, and the collinearity test show that there is no Multicollinearity between the independents variables. The Independent Variables are PAT, ROE, ROA, EPS and ROCE which constitute indicators of banks financial performance while the Dependent variables are Philanthropic, Economic, Legal and Ethical Responsibilities (CSR). It is recommended that Nigerian banks should embrace the culture of CSR and government should established laws and regulations to oblige financial institutions or rather banks in Nigeria to give adequate attention to social responsibility, social accounting and put in place strong mechanisms and institutions to monitor compliance and if possible determine the quantum amount of charitable contribution to be reported in their annual reports and accounts by providing index or range.

**Keywords:** Corporate Social Responsibility, Financial Performance, Nigeria.

## 1. Introduction

In recent years, there has been a growing interest, both in the academic as well as the business world in Nigeria, around the issue of Corporate Social Responsibility and financial Performance (CSRFP). In the Nigerian society, corporate social responsibility has been a highly contemporary and contextual issue to all stakeholders including government, the corporate organization such as financial institutions and the general public. Some ten years ago, what characterized the Niger Delta Region of Nigeria was fragrant pollution of the air, water and noise to the environment, most corporate organizations are concerned about what they can take out of the society, and de-emphasized the need to give back to the society (their host communities). This attitude often renders the entire community unhabitable. A case in mind is the Niger Delta area of Nigeria. This translated to negative integrity and reputation on the part of corporate identity as people perceived this as exploitation and greed for profitability and wealth maximization within a decaying economy of Nigeria (Babalola 2011).

However, the general belief is that both business and society gain when banks actively strive to be socially responsible, that is, the corporate organizations gain enhanced reputation, competitive advantage, better patronage etc while society gains from the social projects executed by the corporate organizations. The importance of banking sector in the economy of any nation cannot be over emphasized, because banks in Nigeria by being

socially responsible augment the government efforts and create the environment conducive for both their business to operate and the general public (Adeyanju, 2011). From the foregoing, CSR is the concept that an organization needs to consider its impact on their operations and business practices on not just the shareholders, but also its customers, suppliers, employees, members of the community it operates in, and even the environment. It is a way of saying thank you and expressing appreciation to all stakeholders in the business. It is a conscious effort to give back to the society in which the corporation has benefitted immensely. Advocates of CSR argue that companies with good social and environmental records will perform better in the long run. This is because customers will like to patronize any company with good social and environmental records more than companies without such records as they will be seen to have identified with the community.

There is no business organisation that can exist in isolation; it must have a community it operates with in terms of location for its successful operation Gunu, (2008). Moreover, Oba,(2009) observes that CSR has been a growing dimensions in accounting theory and practice since 1970's and the accounting profession has been involved in the struggle to ensure that social responsibility expenditures are accounted for and adequately disclosed in the annual reports of financial statements. Therefore, there should be some practical roles that the organisations must play for its impact to be felt by the community where the business operates. Although it entirely depend on the performance level of the organisation (i.e. return on equity, return on assets, net current assets, profit after tax, total turnover, earning per share, return on investment, net asset per share, book value per share, e t c) being an indicators of performance. If Nigerian businesses particularly Commercial Banks learns that to do well it has to do good, then we can hope to tackle the major challenges facing our societies today. The economic realities ahead are such that 'social needs' can be financed increasingly only if their solution generates commensurate earning which precisely is what business is known for. In essence firms involved in CSR are actually not regretting because of the increase made on their sales leading to profit and how they have impacted the environment. The significance of CSR as a vital tool for the societal progressiveness cannot be over emphasized. This can be seen from the points of view of showing concern for the welfare of the community in order to reap peace, competent and cheaper manpower, a platform for a better community; by making the host community worthy of livelihood in terms of infrastructural development; and by boosting their image, reducing advert cost, gaining an edge over competitors, and creating goodwill in the society. The views of whether businesses have any social responsibilities are divergent and argumentative in nature since CSR encompasses varieties of issues such as corporate conscience, corporate governance, corporate citizenship or stewardship, business responsibility, business citizenship, social performance, sustainable responsible business, social activities, such as philanthropy and environmental activities, Tilt (2009).

The issues related to CSR could be grouped into three categories: corporate governance, environmental aspects, and social aspects Tsoutsoura (2004). The term corporate social responsibility is linked to the concept of triple bottom line reporting (People, Planet, Profit), which is use as a framework for measuring an organisation's performance against economic, social and environmental parameters Shah (2007). Some managers are looking at CSR as a child of necessity for business growth or expansion while others are looking at it as a mere waste of limited resources available in an organisation as Friedman point of contention "There is one and only one social responsibility of business: to use its resources and energy in activities designed to increase its profits so long as it stays within the rules of the game and engages in an open and free competition, without deception or fraud" (Friedman 1970). In essence what Friedman argued is that the only primary responsibility for business is to pursue profits within the limits of the law. This study adopted the Friedman (1970) definition because of its relevancy.

The study of CSR gained an added contribution to the existing work of other authors who discussed issues on CSR and performance such as McWilliams and Siegel (2000); Orlitzky, Schmidt & Rynes (2003); Brine, Brown & Hackett (2006); Regina (2010); Uadiale & Fagbemi, (2011), they further examine how various factors that surrounds CSR affect firms' performance and profitability, thus, is going to be useful for managers in making prudent and financial decision, business stakeholder, governments agencies and some other interested bodies to expand their knowledge on the research topic.

This study identified inability of many banks in Nigeria to be socially responsible due to the daunting challenges which affect implementation of CSR policy, even though there are many studies that have been conducted on CSR and Performance, but most of the studies are largely foreign base, therefore cannot provide adequate and conclusive evidence on impact of financial performance on CSR of banks in Nigeria.

The objective of this study is to examine the impact of banks financial performance on corporate social responsibility to the host communities.

In line with the objective, the Null Hypothesis is formulated.

Ho1: Financial Performance has no any significant impact on corporate social responsibility of banks.

The outcome of this study will assist the commercial banks entire management in Nigeria to know whether CSR made impact on banks performance, it will also be of economic, social, cultural and even political importance to the shareholders, competitors, analyst and government.

## 2. Literature Review

### *2.1 The Concept of Corporate Social Responsibility and Financial Performance*

There are myriad of definitions of CSR and this generate to a great deal of ambiguity and uncertainty about what CSR really means. Currently, CSR is the second most important factor in a company's reputation next to the quality of products.

Corporate social responsibility (CSR), also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business. Corporate social responsibility as defined by European Commission (2011) is "CSR is a process that integrate social, environmental, ethical and human rights concerns into the business operations and core strategy in close collaboration with the stakeholders". Pg. 22

CSR social activities may include charitable contributions to local and national organizations such as fundraising, donations and gifts in areas where it trades and others like regeneration of deprived communities and protection of environment. However, The World Business Council for Sustainable Development(WBCSD) in its publication "Corporate social responsibility: Making Good Business Sense" by Holme and Watts (2004), Sees CSR" as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" Pg.11

According to Macmillan (2005), CSR is a term describing a company's obligation to be accountable to all its stakeholders in all its operations and activities. On their part, Business for Social Responsibility (BSR), a leading Global Business partner, in a Forum held in (2006) defined CSR "as achieving commercial success in ways that honors ethical values and respect people, communities, and the natural environment" Pg.3

For BSR, CSR also means addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claim of all key stakeholders. In its simplest terms, it is: "what you do", "how you do it" "and when and what you say". In this sense, CSR is viewed as a comprehensive set of policies, practices and programmes that are integrated into business operations, supply chain, and decision making processes throughout the company and wherever the company does businesses that are supported and rewarded by top management. In their definition, Carroll and Bocholt, (2003) defined CSR as economic, legal, ethical, and discretionary expectations that society has for organizations at a given point in time. Adepoju, (2011) Sees CSR as concept where an organization goes on its own to initiate actions that will impact positively on its host community, its environment and the people generally. From the foregoing, what cuts across a number of definitions that scholars have proposed on the concept of CSR is the general belief that, beyond the quest to maximize corporate profits, corporate organizations play a crucial role in solving society's problems.

However, we can rightly said, CSR is about how companies manage the business processes to produce an overall positive impact on society. In other words, it is a concept whereby companies decide voluntarily to contribute to better the society.

Numerous academic researchers have examined the relationship between CSR and financial performance to determine the sign of the relationship and the direction of causation (Makni, Francoevr and Bellavance 2008). CSR focus on the social responsibility of businesses to its various stakeholders while financial performance looks at the results of the company policies and operations in monetary terms. These results are reflected normally in form of ratios such as ROE, ROA, EPS, and ROCE etc (Lammertjan 2010).

As the relationship between CSR and financial performance has been highly developed, the link between CSR and financial performance may be positive, negative or neutral based on the summary of findings of many authors by the researcher. Thus, we can divide researches in to three groups: Those that found positive relationship (Tsoutsoura, 2004; Saleh, Zulkifli & Muhamad (2007); Huanglin, Yang & Liou (2008); Gunu (2008); Regina (2010); Uadiale & Fagbemi (2011); Uwalomwa & Egbide 2011) suggests that CSR improves company value and image which in the long run improve financial performance. Those which found negative relationship ( Friedman 1970; Aupperle, Carroll & Hatfield 1985; Soana 2005), believed that adopting CSR idea is at detriment of the stakeholders because corporation must use its resources only to maximize its profits and otherwise it will have adverse results on its financial performance, they went further to say that CSR emphasizes activities such as

charitable donations, support to community projects, installation of environmental protection equipment and supporting community education, etc. and this can be seen as carrying a significant cost element on business that may distract resources from more economically profitable uses and those which found neutral relationship (MacWilliams & Siegel 2000, Adeboye, Oluwatoyosi & Elizabeth 2011), are of the view that CSR have neutral relationship with financial performance of corporations. In view of this conflicting result in trying to find the existence of relationship between the CSR and financial performance we can rightly say that it is not an easy task to discover the linkage between the two key terms (Ullmann 1985). Hence the relationship is unclear.

On the other hand, wide variety of definitions of firm performance has also been proposed in the literature. Both accounting and market definitions have been used to study the relationship between CSR and firm performance (Orlitzky, Schmidt, & Rynes, 2003). Financial performance is one of the criterions of determining CSR of banks, in order to gain more insight about financial performance, accountants and financial analysts make use of ratios in making qualitative judgment about a firm's financial performance. Different types of ratios can be calculated from the financial statement pertaining to a company, those ratios can be grouped into four broad categories namely leverage, liquidity, activity and profitability ratios. The leverage ratio reveals the extent to which a firm is financed with debt, the liquidity ratio measures the ability of the firm to meet its maturing short term obligation, while activity ratio evaluates the efficiency with which the firm manages and utilizes the assets available to it in generating sales and profit. Our focus however, is on the profitability and liquidity ratios of banks; the reason is because those ratios are the determining factors for charitable contribution Nzewi (2009).

### *2.2 Forms of Corporate Social Responsibility*

Caroll (2000) identified four types of CSR with an Organization can pursue, and they include:

#### 2.2.1 Economic Responsibilities

A company's first responsibility is its economic responsibility that is to say, a company needs to be primarily concerned with turning a profit. This is for the simple fact that if a company does not make money, it won't last, employees will lose jobs and the company won't even be able to think about taking care of its social responsibilities. Before a company thinks about being a good corporate citizen, it first needs to make sure that it can be profitable.

#### 2.2.2 Legal Responsibilities

A company's legal responsibilities are the requirements that are placed on it by the law. Next to ensuring that company is profitable, ensuring that it obeys all laws and regulations is the most important responsibility, according to the theory of CSR legal responsibilities can range from securities regulations to labor law and environmental law.

#### 2.2.3 Ethical Responsibilities

Ethical responsibilities are responsibilities that a company puts on itself because its owners believe it's the right thing to do not because they have an obligation to do so. It includes doing what is right, fair and just.

#### 2.2.4 Philanthropic Responsibilities

If a company is able to meet all of its other responsibilities, it can begin meeting philanthropic responsibilities. Philanthropic responsibilities are responsibilities that go above and beyond what is simply required or what the company believes is right. They involve making an effort to benefit society for example, by donating, funds, services, projects, etc to community where they operates.

### *2.3 Review of Empirical Studies*

Banking institutions in Nigeria have spent billions of naira from 2002-2011 as their contribution towards provision of infrastructures, protecting the environment of the host communities, outright charities such as donations of relief materials to refugees or disaster victims, as well as scholarship schemes and sponsorship of sport programmes. However, the CSR policy got government backing in Nigeria when the federal Executive Council (FEC) on Wednesday May 2008 approved the development of a CSR policy for the country, to instill ethical behavior in Nigerian Businesses. The minister of National Planning Commission, Dr Sanusi Daggash, who gave details of the memorandum, said it referred to the adoption of responsible business practices by organizations, to improve the society at large''. He said the policy would include "beyond law commitment" and activities that would necessitate an expectation to 'give back' to the society. He reiterated that the policy would ensure corporate governance and ethics, health and safety, human rights, human resource management, anti-bribery and anticorruption measures.

On the other hand, a review of many empirical studies on CSR and financial performance was carried out, like in the case of Mac Williams and Siegel (2000) that found a neutral relationship between CSR and Financial performance by using multivariate regression analysis. They used KLD index for CSR and ROA as a proxy for financial performance.

Orlitzky, Schmidt, & Rynes, et al (2003) carried out a research on the topic; CSR and corporate financial performance (CFP). They integrated 30 years of research from 52 previous studies by using Meta analytical techniques and their results confirmed a strong positive correlation between financial performance and the CSR. They used KLD index as a CSR proxy and P/E ratio, ROE and ROA as proxies for financial performance.

Conversely, Tsoutsoura (2004), used extensive data over a period of five years (i.e. 1996-2000) and explored the relationship between CSR and financial performance (i.e. the financial data used are ROA, ROE, EPS, ROS of S & P firms and tested by using Multiple Regression Analysis method which is found to be positively and statistically significant.

So also, Brine et al (2006) investigate the relationship between CSR and financial performance in the Australian context. The result obtained by using cross sectional regression analysis is insignificant and no positive impact between the key two terms. Proxies selected for financial performance were ROA, ROE, ROS and CSR is considered as the dependent variable.

In addition, Saleh et al, (2007) found positive relationship between CSR disclosure and financial performance in emerging market by using descriptive statistics and Pearson correlation. They considered ROE, ROA, employee relations, environment and community involvement as the proxies for the study.

In his research, Gunu (2008) studied banking sector on the research topic “The influence of CSR on the financial performance of Banks” which considered only Zenith bank and individual regression of equations instead of taken a reasonable number of sample banks to study. Because under normal circumstances you cannot take single bank out of about twenty four (24) listed banks and make generalization based on the study. His results are that financial performance was positively related to CSR.

According to Nzewi (2009) a positive moderate relationship exist between CSR and financial performance on the research topic “Financial indicators influence on CSR of Nigerian financial institutions” uses multiple regression analysis as tool of data analysis, the research utilized panel data of companies which takes Philanthropic as independent variables and considered ROE, ROA as dependent variables.

Lammertjan (2010) examined the relationship between CSR and financial performance paradox by using CAPM as the techniques for the data analysis, the results showed a positive significant relationship between CSR and financial performance as ROE, ROI, ROA are considered as independent variables.

Other researchers like Oba (2009); Jong, Young & Chongwoo (2010); Theofanis Karagiogos (2010) Keffas, Victoria & Briggs (2011) found a positive relationship between CSR and financial performance in the Nigerian, Korean, Greek, U.S.A, UK, and Japan Firms.

It is obvious from the aforementioned empirical researches that positive, negative and neutral relationship exists between CSR and financial performance. In short many scholars argued that, the results of researches on the relation between CSR and financial performance vary depending upon the models used, data and countries.

### *2.4 Theory Underpining Corporate Social Responsibiliy*

Different theoretical frameworks have been used to examine CSR and financial performance such as agency theory, legitimacy theory, stakeholders’ theory, Accountability theory, political economy theory, e.t.c. However, the theoretical framework underpinning this study is stakeholder’s theory because is a theory of organizational management and business ethics that addresses morals and values in managing an organization. Stakeholder’s theory attempts to address the principle of whom or what really counts (Glautier & Underdown 2011). Stakeholder’s theory incorporate not only the investors, customers and suppliers but also governmental bodies, political groups, trade associated corporations, trade unions, communities, associated corporations, prospective employees, prospective customers and the general public at large.

Therefore, given attention to the domains of CSR activities by companies improves the relations with their stakeholders that were identified, ultimately resulting in better overall financial performance (Waddock & Graves, 1997).

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## 3. Objectives of the Research

The objectives of this research are-

- To evaluate the impact of CSR on the return on equity (ROE) of listed banks in Nigeria.
- Determine the impact of CSR on the return on assets (ROA) of listed banks in Nigeria.
- Determine the impact of CSR on the earnings per share (EPS) of listed banks in Nigeria.
- To examine the impact of CSR on the return on capital employed (ROCE) of listed banks in Nigeria.

## 4. Methodology of the Research

This study used expost factor research design, secondary data were used which include annual reports and account of six (6) selected banks in Nigeria and information from NSE FACT book. Six banks were sample out using Judgemental sampling from the study population; Data are sourced for the period of ten years (2002-2011) and were analyzed using multiple regression analysis and this was done by comparing each of the dependent variable against the five explanatory variables to test the relationship between CSR and financial performance.

4.1 Model Specification

This study examines the relationship between CSR and Financial Performance of Six selected banks in Nigeria. The model in this study has been designed by using multiple regression analysis and this is in line with the work of Tsoutsoura, (2004) and Boutilier, (2007). The model consider all the four components of CSR as dependents variables (i.e. Philanthropic, Economic, Legal and Ethical Responsibility) and the model at same time has five explanatory variables; PAT, ROE, ROA, EPS and ROCE. The equations are:

$$Y = \alpha_0 + \beta_1 x_1 + \beta_2 x_2 + \beta 3x3 + \beta 4x4 + \beta 5x5 \text{ --- ---- } \alpha nxn + en \text{ --------} \quad (1)$$

While

CSR(Philan Resp ; Econ Resp ; Leg Resp ; Ethic Resp = f (PAT,ROE,ROA, EPS, ROCE)
Representing CSR = f (PAT,ROE,ROA, EPS, ROCE) in equation (1) will yield this equation

$$CSR = \alpha_0 + \beta_1\, PAT + \beta_2\, ROE + \beta 3\, ROA + \beta 4\, EPS + \beta 5\, ROCE\ e$$

Where:

CSR = Philan Resp; Econ Resp; Legal Resp; Ethical Resp.

PhilResp= $\alpha_0 + \beta 1\, PAT + \beta 2\, ROE + \beta 3\, ROA + \beta 4\, EPS + \beta 5\, ROCE$
Econ Resp= $\alpha_0 + \beta 1\, PAT + \beta 2\, ROE + \beta 3\, ROA + \beta 4\, EPS + \beta 5\, ROCE$
Legal Resp= $\alpha_0 + \beta 1\, PAT + \beta 2\, ROE + \beta 3\, ROA + \beta 4\, EPS + \beta 5\, ROCE$
Ethic Resp= $\alpha_0 + \beta 1\, PAT + \beta 2\, ROE + \beta 3\, ROA + \beta 4\, EPS + \beta 5\, ROCE$
$\alpha o$ = intercept
$\beta_1$, $\beta_2$, $\beta 3$, $\beta 4$ and $\beta 5$ =parameters
PAT = profit after tax
ROE = Return on Equity
ROA = Return on Assets
EPS = Earnings per Share
ROCE= Return On Capital Employed
e = error term

## 5. Data Analysis and Findings

Table 1: Showing Profit After Tax and Investment in CSR of Six Selected Banks in Nigeria

| Years | Bank Name | Profit After Tax N'000 | Investment In CSR N |
|---|---|---|---|
| 2002-2011 | Access Bank plc | 96,950,446 | 402,185,314 |
| 2002-2011 | First Bank Plc | 183,325,000 | 2,330,436,800 |
| 2002-2011 | GTB plc | 172,653,514 | 940,103,342 |

| | | | |
|---|---|---|---|
| 2002-2011 | UBA Plc | 83,160,000 | 994,475,454 |
| 2002-2011 | Union Bank Plc | 186,776,000 | 345,688,537 |
| 2002-2011 | WEMA Bank Plc | 52,645,000 | 312,547,125 |

Source: Researcher computation from Annual reports & Account

The table above explains the relationship between CSR and banks performance in Nigeria. The table revealed that the amount committed to CSR in terms of donations vary from one bank to the other, it shows that the higher the PAT the higher the Investment in CSR.

*5.1 Regression Results*

Summary of Regression Results of PAT, ROE, ROA, EPS, ROCE on Philanthropic, Economic, Legal and Ethical Responsibilities.

The values of R and R Square for the philanthropic responsibility regression result are .590 and .348 respectively. This indicates that the explanatory variables account for 34% of changes in the dependent variable; which implies that 41% of the variation was caused by changes in the exogenous variables. However, a closer look at the correlation matrix sig value above reveals that (PAT =.001) which correlate with Philanthropic responsibility and is significant at 1% level of 2-tailed, this shows that there is positive significant relationship between Philanthropic responsibility and Profit after tax, ROCE also correlate with Philanthropic responsibility at (ROCE=.004) and is significant at 5% level of 2-tailed which shows also a positive significant relationship with philanthropic responsibility, the coefficients of both PAT and ROCE are .351 and .432 which they have positive relationship with philanthropic responsibility and this implies that an increase in PAT and Capital Employed result in increase in philanthropic responsibility. The collinearity test show that there is no multicollinearity between the independent variables as would be seen in the appendix, all the tolerance values are < 0.1. The ROE, ROA and EPS all have negative and inverse relationship with philanthropic responsibility. The overall significant of F Statistics value indicate 5.767 and are significant at .000a which shows the fitness and reliability of the model because the higher the F values the better the model (Andy 2000). Therefore Ho1 (Null Hypothesis) is rejected and H1 is accepted since financial performance have significant impact on corporate social responsibility of banks.

The values of R and R Square for economic responsibility regression results are .478 and .228 respectively. This indicates that the explanatory variables account for 22% of changes in the dependent variable; which implies that 78% of the variation was caused by changes in the exogenous variables. However, A closer look at the correlation matrix sig value above reveals that (PAT =.015) correlate with Economic responsibility but is insignificant at 1% and 5% level of 2-tailed, this shows that there is no significant relationship between Economic responsibility and Profit after tax, EPS also correlate with Economic responsibility at (EPS=.014) and is insignificant which also shows no relationship with Economic responsibility, the ROE and ROCE shows negative relationship when look at their coefficients values of -.189 and -.004 while ROA is having .184. The collinearity test show that there is no multicollinearity between the independent variables as the tolerance values are <0.1. The overall significant of F Statistics value indicate 3.193 and is significant at .013a which shows the fitness and reliability of the model.

The values of R and R Square for legal responsibility regression result are .527 and .278 respectively. This indicates that the explanatory variables account for 27% of changes in the dependent variable; which implies that 73% of the variation was caused by changes in the exogenous variables. However, a closer look at the correlation matrix sig value above reveals that (EPS =.002) which correlate with legal responsibility and is significant at 5% level of 2-tailed, this shows that there is positive significant relationship between legal responsibility and Earnings per Share, ROCE, PAT,ROE and ROA all have inverse negative relationship with legal responsibility. The collinearity tests show that there is no multicollinearity between the independent variables as the tolerance values are < 0.1. The overall significant of F Statistics value indicate 4.162 and are significant at .003a which shows the fitness and reliability of the model.

The values of R and R Square for ethical responsibility regression results are .690 and .437 respectively. This indicates that the explanatory variables account for 43% of changes in the dependent variable; which implies that 57% of the variation was caused by changes in the exogenous variables. However, a closer look at the correlation matrix sig value above reveals that PAT, ROE, ROA, EPS, ROCE do not correlate with the ethical responsibility because the values are > 1% and 5% Significant values of 2-tailed and this implies that whether there is change in any variable ethical responsibility is being carried out. The coefficient of PAT, ROA and ROCE are having negative relationship with ethical responsibility. The collinearity test shows that there is no multicollinearity between the independent variables as the tolerance values are < 0.1. The overall significant of F Statistics value indicate 7.480 shows fitness and reliability of the model.

Summarily, the entire results indicates that PAT, ROCE and EPS correlate and are significant at .001, .004

and .002 at both 1% and 5% level of significant with CSR and therefore Ho1(Null Hypothesis) is rejected and H1 is accepted since financial performance have significant impact on corporate social responsibility of selected banks.

Based on the analysis made in the preceding sections, the researcher finds that PAT, ROCE, EPS have a positive significant impact on CSR of the selected Nigerian banks. There is positive relationship between PAT, ROCE and Philanthropic responsibility and EPS and legal responsibility, this findings is in line with the results of Tsoutsoura (2004), Boutilier (2007), Saleh et al (2007), and Uadiale & Fagbemi (2011) who also found positive relationship and statistical significant between CSR and Financial Performance using Multiple regression analysis.

**6. Conclusion and Recommendation**

This study has been able to identify the impact of financial performance on CSR of some selected banks In the Nigerian society. A company has to give back to the society in which it operates, clean up all forms of pollution it has caused in its course of operation and also provide infrastructural facilities to the society as a way of giving back and developing the society. CSR greatly impact on the society by adding to the infrastructures and development of the society, by providing infrastructure, supporting research and providing learning support materials, banks augment government's efforts and create an environment conducive to the people which will impact lives positively. In line with the findings of the study, the researcher concludes that there is positive relationship between financial performance indicators (i.e PAT, ROCE, EPS) and CSR of selected banks in Nigeria.

It is recommended that Nigerian banks should embrace the spirit of being socially responsible because by involving in CSR, it will add to the goodwill of their companies thereby increasing their financial worth eventually, boost the image of their banks, giving them an edge over other banks through increasing patronage of their services, they should also increase the amount of money spends on Philanthropic responsibility and the government should determine the quantum amount of charitable donation to be made by banks based on the amount of profits after tax reported in their annual reports and effective mechanisms and institutions should be employ to ensure compliance. The researcher also recommends that greater attention should be given to social accounting and social costs by Banks in Nigeria and finally Nigerian government should works closely with the private sector to support economic development.

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## Appendix

*Appendix A: Sample Population*

| S/N | Banks Name |
|---|---|
| 1. | FirstBank Of Nig Plc |
| 2. | Guarantee Trust Bank Plc |
| 3. | United Bank For Africa Plc |
| 4. | Union Bank Plc |
| 5. | Access Bank Plc |
| 6. | WEMA Bank Plc |

*Appendix B: Philantrophic Responsibility Regression Result*

Table 1: Summary of Regression Result of PAT, ROE, ROA, EPS, ROCE on Philantrophic Responsibility

| **Variables** | **Coefficient** | **T-Value** | **Sig Value** | **Collinearity Tolerance** | **VIF** |
|---|---|---|---|---|---|
| PAT | .351 | 3.044 | .001 | .908 | 1.101 |
| ROE | -.099 | -.860 | .819 | .902 | 1.109 |
| ROA | -.058 | -.487 | .684 | .841 | 1.189 |
| EPS | -.353 | -.2.728 | .384 | .720 | 1.1390 |
| ROCE | .432 | 3.372 | .004 | .736 | 1.359 |
| R | .590a | | | | |
| $R^2$ | .348 | | | | |
| Adjusted $R^2$ | .288 | | | | |
| Std. Error of Est. | 35255.21995 | | | | |
| F. Stat | 5.767 | | | | |
| Sig. of F stat. | .000a | | | | |

Predictors: (Constant), PAT, ROA, ROE, EPS,ROCE

Dependent Variable: PHILRESP

*Appendix C: Economic Responsibility Regression Result*

Table 2: Summary Of Regression Result Of PAT, ROE ,ROA, EPS, ROCE On Economic Responsibility

| **Variables** | **Coefficient** | **T-Value** | **Sig Value** | **Collinearity Tolerance** | **VIF** |
|---|---|---|---|---|---|
| PAT | .305 | 2.435 | .015 | .908 | 1.101 |
| ROE | -.189 | -1.498 | .709 | .902 | 1.109 |
| ROA | .184 | -1.412 | .827 | .841 | 1.189 |
| EPS | .375 | 2.661 | .014 | .720 | 1.1390 |
| ROCE | -.004 | -.027 | .184 | .736 | 1.1359 |
| R | .478a | | | | |
| $R^2$ | .228 | | | | |
| Adjusted $R^2$ | .457 | | | | |

| | |
|---|---|
| Std. Error of Est. | .31480 |
| F. Stat | 3.193 |
| Sig. of F stat. | .013a |

Predictors: (Constant), PAT, ROA, ROE, EPS,ROCE

Dependent Variable: ECONRESP

*Appendix D: Legal Responsibility Regression Result*

Table 3: Summary of Regression Result of PAT, ROE, ROA, EPS, ROCE on Legal Responsibility

| Variables | Coefficient | T-Value | Sig Value | Collinearity Tolerance | VIF |
|---|---|---|---|---|---|
| PAT | -.106 | -.871 | .306 | .908 | 1.101 |
| ROE | -.112 | -.918 | .379 | .902 | 1.109 |
| ROA | -.176 | -1.397 | .023 | .841 | 1.189 |
| EPS | .477 | 3.503 | .002 | .720 | 1.1390 |
| ROCE | -.258 | -1.912 | .687 | .736 | 1.1359 |
| R | .527a | | | | |
| $R^2$ | .278 | | | | |
| Adjusted $R^2$ | .211 | | | | |
| Std. Error of Est. | .16076 | | | | |
| F. Stat | 4.162 | | | | |
| Sig. of F stat. | .003a | | | | |

Predictors: (Constant), PAT, ROA, ROE, EPS, ROCE

Dependent Variable: LEGRESP

*Appendix E: Ethical Responsibility Regression Result*

Table 4: Summary of Regression Result of PAT, ROE, ROA, EPS, ROCE On Ethical Responsibility

| Variables | Coefficient | T-Value | Sig Value | Collinearity Tolerance | VIF |
|---|---|---|---|---|---|
| PAT | -.072 | -.517 | .446 | .908 | 1.101 |
| ROE | .025 | .178 | .867 | .902 | 1.109 |
| ROA | -.140 | -.965 | .356 | .841 | 1.189 |
| EPS | .058 | .369 | .807 | .720 | 1.1390 |
| ROCE | -.153 | -.986 | .398 | .736 | 1.1359 |

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| | |
|---|---|
| R | .690a |
| $R^2$ | .437 |
| Adjusted $R^2$ | .367 |
| Std. Error of Est. | .45728 |
| F. Stat | 7.480 |
| Sig. of F stat. | .001a |

Predictors: (Constant), ROCE, ROE, ROA, PAT, EPS

Dependent Variable: ETHIRESP